

<b>CABINET</b>	<b>AGENDA ITEM No. 7</b>
<b>7 NOVEMBER 2016</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Councillor Peter Hiller, Cabinet Member for Growth, Planning, Housing and Economic Development.	
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**COMMUNITY INFRASTRUCTURE LEVY GOVERNANCE PROPOSALS AND INFRASTRUCTURE DELIVERY SCHEDULE UPDATE 2016**

R E C O M M E N D A T I O N S	
<b>FROM:</b> Cabinet Member for Growth, Planning, Housing and Economic Development.	<b>Deadline date</b> 12 October 2016
<p>1. It is recommended that Cabinet approve the CIL Governance Proposals and Infrastructure Delivery Update 2016</p>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Cabinet following approval of the council's Community Infrastructure Levy (CIL) Charging Schedule (on 15 April 2015), in order to establish governance arrangements for managing CIL receipts, and to provide an updated Infrastructure Delivery Schedule.

**2. PURPOSE AND REASON FOR REPORT**

2.1 In April 2015, the council adopted the CIL Charging Schedule to raise funds from new development for the purpose of delivering infrastructure. The CIL effectively replaced the former POIS system of planning obligations. As the council has recently begun to receive CIL receipts, it is necessary to establish governance arrangements to ensure CIL funds are managed effectively and in accordance with a number of statutory duties.

2.2 The current Infrastructure Delivery Schedule (IDS) was produced in 2014 as a supporting document to the CIL Charging Schedule, providing evidence of infrastructure required to meet Peterborough's growth needs. The IDS is an important document, informing council plans and strategies (including the emerging Local Plan) and informing decisions on infrastructure spending, both by the council and partner organisations. The IDS (2014) acknowledges the need for regular update. The IDS Update 2016 has therefore been prepared to ensure the council maintains an up-to-date schedule of infrastructure required over the plan period.

**3. TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	<b>N/A</b>
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**4. KEY ISSUES**

4.1 To manage funds raised from the CIL and meet certain legal obligations it is necessary to put in place a governance process. A proposal for managing CIL funds is provided in Appendix 1. This section provides a summary of the proposals, highlighting certain key issues.

4.2 There are three strands of CIL funding, briefly explained as follows:

- **Administration Portion (5%)** – The regulations allow up to 5% of funds collected to be allocated to pay for the administration (revenue costs) aspect of CIL.
- **Strategic Portion (up to 80% of all funds)** – The council is responsible for managing and spending this, but external providers can bid for funds. CIL receipts must be spent on infrastructure needed to support the development of the area and should be based on the infrastructure priorities set out on the R123 List and Infrastructure Delivery Schedule (IDS)
- **Neighbourhood Portion (15% or 25% of all funds)** –
  - **Parished areas** - at least 15% of CIL receipts received from development in the parish (up to £100 per existing council tax dwelling per financial year) are transferred to the Parish Council to spend on local infrastructure priorities. This proportion of CIL receipts rises to 25% where there is a ‘made’ Neighbourhood Plan. The parish must report its spending on an annual basis. Parishes can contribute toward strategic projects but are ultimately autonomous in taking spending decisions.
  - **Non-parished areas** - at least 15% of CIL receipts (up to £100 per existing council tax dwelling per financial year) to be spent on local community infrastructure. The money is managed by Peterborough City Council, who must engage with communities where development has taken place and agree with them how best to spend the neighbourhood funding. Where there is a ‘made’ Neighbourhood Plan, this proportion of CIL receipts rises from 15% to 25%. The council must report this spending annually.

**Administration**

4.3 It is proposed that the council’s *Compliance & S106 Team* act as CIL Administrator to fulfil such duties as the day-to day administration of CIL receipts, and manage requests for the release of CIL funds where the infrastructure item to be funded is identified on the IDS Update 2016 and/or Regulation 123 List. The Compliance and s106 Team will fulfil the council’s duties under the CIL regulations to transfer the Neighbourhood Portion twice each year and prepare an annual report.

4.4 It is recommended that up to 5% of total CIL receipts be retained to meet costs associated with CIL administration.

**Strategic Funding Pools**

4.5 Spending the strategic portion is proposed to be through a percentage split approach similar to that utilised for many years for managing funds from Planning Obligation Implementation Scheme (POIS). Broadly matching the current POIS split, it is proposed that the CIL funding distribution is as follows in the Table below:

<b>Infrastructure Type</b>	<b>Percentage of Strategic Portion</b>
Transport & Communications	30%
Community & Leisure	10%
Education & Learning	40%
Environment	10%
Health & Adult Social Care (inc. Emergency Services)	10%
Total	100%

**Neighbourhood Portion (non-parished areas)**

4.6 In areas where there is no Parish Council (such as Peterborough’ urban wards), it is proposed that the council’s Community Capacity Manager take responsibility for managing spend of the Neighbourhood Portion. Such responsibilities will include:

- Consulting as appropriate with the community on spending priorities for the neighbourhood portion;
- Consider (and determine) requests for neighbourhood portion funding from other council departments and external bodies;
- Bring requests for funding that are either not in accordance with the IDS or are over the specified threshold to the Corporate Director for Growth and Regeneration; and
- Report spending to the Compliance and Section 106 Team.

### ***IDS Update 2016***

- 4.7 It is proposed that the IDS Update 2016 be approved and published, thereby replacing the IDS 2014 as the council's current schedule of infrastructure requirements to meet Peterborough's growth needs.
- 4.8 The IDS Update 2016 is a factual document, summarising the council's infrastructure priorities over the plan period. The IDS Update 2016 is intended to inform spending, but does not in itself allocate funds. It is proposed that the IDS continue to be regularly updated, preferably on an annual basis.

## **5. CONSULTATION**

- 5.1 The documents were prepared following engagement with a range of council areas, namely the Community Capacity Team, Transport Planning Team, Natural & Historic Environment Team, Schools Infrastructure, Commercial Group (waste), Verto team and Compliance & s106 team.
- 5.2 The Community Infrastructure Levy Governance Proposals & Infrastructure Delivery Schedule Update 2016 were presented to the Sustainable Growth and Environment Capital Scrutiny Committee on 25 October 2016. The Committee endorse the documents and recommend to Cabinet for approval.
- 5.3 Note that there is no formal requirement for consultation in producing these documents.

## **6. ANTICIPATED OUTCOMES**

- 6.1 It is anticipated that Cabinet will:
- approve the CIL Governance Proposals, thereby enabling the CIL governance proposals to be brought into effect immediately; and
  - approve the IDS Update 2016 for publication on the council's website, replacing the 2014 version of the document.

## **7. REASONS FOR RECOMMENDATIONS**

- 7.1 Through approving the CIL governance proposals, Cabinet will enable the council to meet its statutory duties for managing CIL receipts (including, administration, reporting and transfer of Neighbourhood Portion); and, to spend CIL receipts on strategic infrastructure. Publication of the Infrastructure Delivery Update 2016 will provide an up to date schedule of infrastructure essential to support Peterborough's growth.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

### ***'Do Nothing'***

- 8.1 A 'do nothing' option (where no governance process put in place and the IDS is not updated) was considered. However such an approach is not appropriate as the council would likely fail to meet its statutory duties for managing CIL receipts. The current IDS (2014) is now deemed out of date, and therefore does not provide a suitable evidence base to inform spending decisions.

## **9. IMPLICATIONS**

- 9.1 The CIL governance proposals will have implications for all sectors off the community throughout the local authority area.

Legal implications – The council must manage CIL in accordance with the CIL regulations. It must spend CIL receipts on infrastructure needed to support the development of their area; transfer the neighbourhood portion twice per year (April and October); and, prepare an annual report of CIL receipts collected and spent.

Financial implications – The proposed percentage split of the strategic portion will have direct financial implications for different service areas within the council. It is considered that the proposed split of funds is appropriate, reflecting the need for infrastructure and availability of other funding sources.

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

- 10.1 None.

## **11. APPENDICES**

Appendix 1 - Community Infrastructure Levy Governance Proposals

Appendix 2 - Infrastructure Delivery Schedule Update 2016